Higher Wages and Full Employment

A

Memorandum

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CORRECTION
"Cost of living," page 11, read "standard of living."

I. INTRODUCTION

THE Governments of the United Nations have agreed to work together in the period following the war "with the object of securing for all improved labour standards, economic advancement and social security."

The aim corresponds with the demands of working people in every country who have been through the disastrous period between 1919 and 1939 and the grim experience of the present war, and are determined that the victory over Fascism shall be the starting point of rapid social progress, in which the efforts of the peoples are harnessed to the great scientific and technical advances of recent years to serve the cause of peace as they have served the cause of war.

The first basis of improved labour standards, economic advancement and social security in a society such as ours is a high and steadily increasing level of real wages and salaries. This level determines the normal conditions of life for the overwhelming majority of our people, and directly affects the total demand for industrial products and services and thereby the total amount of employment.

An attempt is being made by certain groups of employers to argue that wages during the war have been unduly high and that they cannot be further increased or even maintained after the end of the war. The chairman of the Associated Portland Cement Co., for example, in a recent speech, referred to the "high labour costs" in building and the need to reduce

them after the war. Others speak of the need to lower wages in order to enable British exports to be sold abroad after the war. A similar approach was made by Sir John Anderson in his Budget speech, suggesting that high wages would endanger exports, and that it would be necessary to raise prices by five per cent in order to reduce real wages.

The reactionaries who want to reduce wages have always used the specious plea of the need for exports. But the biggest market for British manufactures is Britain itself; and this market can and must be expanded by high wages and a high all-round cost of living.

The export market in the post-war period will depend, not on low wage rates, but on our relations with other countries, and on the part Britain plays in helping reconstruction abroad and the development of industrially backward countries, in accordance with the agreements already made and those now under discussion. These embody the principle of co-operation, not cut-throat competition, aimed at raising the productive level and the standard of living throughout the world.

In fact, wages form a comparatively small proportion of the export price of our manufactures. It will be essential to cut down the arbitrarily inflated prices of steel and other materials, to reduce transport costs and to make the technical improvements required to bring our industries up-to-date. So far as wages are concerned, improved technique can reduce the wage costs per unit, while raising wage rates and earnings. High wages are always a stimulus to improving equipment and methods of production.

The outlook on which opposition to a high wages policy is based is the outlook which condemned millions of British workers to unemployment between the two wars. It is completely out of harmony with the conception of international co-operation and an expanding world economy, to which the Allied Governments are committed. It is the way to economic disaster, international rivalry and a third world war. It cannot be tolerated by the Labour movement or any progressive section of the British people, who will have to conduct a sharp fight against the reactionary employers

and their political friends who are urging a lowering of wage levels on alleged economic grounds.

A policy of high and steadily increasing real wages and salaries which is, in the first place, put forward by the Trade Unions, is not solely in the interests of their members, but represents the national interest in a prosperous Britain contributing to the prosperity of the world. We know from bitter experience how a local depression in a single industry—for example, cotton in Lancashire or mining in South Wales —spreads out like the plague, affecting other sections of workers, shopkeepers, professional workers, and the general welfare of the community and soon involves other industries and surrounding areas. It is the same as between country and country; depression, as well as prosperity, is indivisible.

We cannot make our contribution to world prosperity unless Britain is herself prosperous. It is in this spirit that the question of wages and salaries in the post-war period must be approached, and a policy worked out which will make a radical break with the past and conform to the aims and aspirations of a generation that has defeated Fascism and is determined to move forward.

II. CONDITIONS FOR PROSPERITY

The conditions for maintaining and continuously raising wage levels exist. The outstanding fact of war-time industry has been the great increase of production, which according to Mr. Lyttleton, Minister of Production, amounts to 40% despite all war-time difficulties. He stated too that the whole production of goods for civilian needs and export has occupied only 35% of the working population—the rest being on war work. There are thus immense resources which will be available after the war, especially after demobilisation, for improving the lot of the people.

This improvement is long overdue. In the depression before the war, the level of wages in almost every industry had been forced down below a decent living standard, while in some sections it was a scandal for an advanced industrial country. With few exceptions, wages paid to women were a disgrace.

Wage increases made during the war have by no means even kept pace with increased prices, as we show in detail later : real wages for many industries, as for example railways and transport, are lower than before the war.

Still less have wartime increases kept pace with the increased productivity attained during the war. This is proved most clearly by the White Paper accompanying the Budget, which shows that the total of profits and interest in 1943 was 84% higher than in 1938 as compared with the average increase in wage rates of only 40%.

A considerable further increase of wages is absolutely necessary, even to restore the pre-war proportions of wages and profits.

But the nation cannot be content with the pre-war proportion of profits and wages, which condemned millions of our people to work for less than a living wage, and was a constant source of economic difficulty and widespread unemployment of both labour and capital.

Wage levels must be raised to guarantee a decent standard of living to all wage and salary earners in every industry and trade, on scales which take into account their skill and experience and the service they render to the nation's well-being.

The great increase in productivity already attained under difficult war-time conditions must be further developed when these difficulties are past. There is no limit to the technical advances that can and must be made, which will provide the basis for continuously increasing wages. The demand for increased wages cannot be rejected on the ground that an industry is too backward technically to pay higher wages. It is in the interests of the nation that the national output should be increased, and the pressure for higher wages is one of the most powerful levers to compel the employers to make continuous technical improvements that will increase productivity.

Wages, however, cannot be considered in isolation from prices. Increased productivity means cheaper production, and this must be reflected in the lowering of prices, not—

as it has been during the war—in the increase of profits. Moreover, the indirect taxation, which has fallen most heavily on working people, must be progressively reduced and prices correspondingly lowered. The overcoming of war-time difficulties of supply is also a factor that must make for lower prices.

It is also essential to establish in all industries a forty-hour working week, and a paid annual holiday (in addition to Bank holidays) of not less than a fortnight.

It is only on the foundation of these principles that a policy of full employment and increasing prosperity for the nation can be built.

III. THE PRESENT WAGES POSITION

A striking fact revealed by the earnings figures published by the Ministry of Labour is the very wide difference between industries—and this not only because of hours worked, but because of the great differences in hourly earnings. Earnings per hour for men range from 2/10.9 in aircraft and 2/6.7 for metal and ship building as a whole, down to 2/0.1 in transport, 1/10.6 in textiles and 1/9 in public utility services. This is partly due, of course, to more overtime and week-end earnings in war industry, but by no means entirely so.

Even more noticeable, in view of the great services rendered during the war by women, hundreds of thousands of whom are doing the same job as a man, is the fact that the wide gap between the earnings of men and women has not narrowed since the war. Before the war men's earnings averaged 68/- and women's 32/6—a gap of 35/6. In July, 1943 men earned 121/3, women 62/2—a gap of 59/1. Women's hourly earnings are generally about 60% of men's.

An examination of the wages statistics available shows :—

1. The very wide difference in average wages and earnings. Taking into account the rise of 54% in prices (as shown in the Government White Paper) industries can be divided into three main groups :—

(i) Those where wages rates have increased more than

prices and standards are thus higher than before the war. This group consists only of industries where wages were extremely low before the war, especially mining and agriculture.

(ii) Those where wage rates have not risen in accordance with the rise in prices, though earnings have been higher owing to long hours. These industries include engineering, shipbuilding, probably chemicals, building, and docks.

(iii) Those where not only real wages rates (*i.e.*, wage rates compared with the increased cost of living) but real earnings as well are below the pre-war standard. This third group includes printing, public utilities, transport, tobacco, some food trades, blast furnaces, tinplate and railways.

2. Although in some industries such as transport, there has been a general approximation of women's wages with those of men, in most industries women's rates are considerably below men's, and in industries normally employing a majority of women the wages paid to them remain scandalously low.

3. Skilled workers, especially in all branches of the engineering trade and shipbuilding, have experienced a great increase in the intensity and responsibility of their work, and have had to train and assist large numbers of other workers : but they have not received any compensation for their key position and responsibility in production.

4. A special anomaly has arisen in sections of industry where technical changes, new processes and new products have brought into existence new types of work not falling within the pre-war structure of wage agreements, as a result of which workers of high efficiency are not obtaining wages comparable with those paid to trades recognised as skilled.

5. In spite of the relatively high earnings of some young workers on piece work, and the raising of wages paid to youth in casual and other very low paid employment, there has been no general change in the wages of young workers, which require all round substantial improvement to bring them into line with present conditions.

6. Technical changes and new processes have linked the work of clerks, draughtsmen and other technical and supervisory workers more closely with the productive process, making them essential factors in raising and maintaining output. Yet the wages and salaries of these grades have not been adequately increased in relation either to the cost of living, their new responsibilities, or the increased productivity of the department or works with which they are associated. This is also true for many professional workers such as teachers, whose work has greatly increased in amount and responsibility, without adequate compensation.

These are the principal factors which have to be taken into account in working out and applying a progressive wages policy.

IV. WAGES IN DIFFERENT INDUSTRIES.

The Minimum Wage

While the wage level in each industry, and the detailed questions of grading associated with it, must be considered in regard to the actual conditions of the industry as well as on general grounds, the grouping of industries indicated above suggests a number of industries in which wage increases should be made at an early date.

A general question that must be raised in almost every industry—not merely in the lowest paid—is that of establishing a graded scale of wages, in accordance with the conditions prevailing in each industry, and with a weekly minimum for all adult workers, men and women, which would guarantee a decent living standard.

In the mining industry a national minimum of £5 underground and £4 10s. 0d. on the surface has been established. Agricultural workers are seeking to establish a £4 10s. 0d. minimum for their industry. In some other industries a "labourer's" rate has been established by Trade Union negotiations. And the war-time National Arbitration Order has enforced on all employers wages and conditions not less favourable than those established in Trade Union Agreements for the industries concerned. In industries covered

Trade Boards minimum wages are laid down and are legally enforceable in all enterprises : but the minimum is disgracefully low (for example, for women in the Jute industry it is still, in 1944, 10½d. an hour).

Nevertheless, in spite of these beginnings, the lower paid workers in almost every industry and the majority in such industries as textiles, clothing, public utilities and distribution are earning well below any minimum standard of health requirements.

It is therefore essential that in every industry the workers' organisations should put forward an urgent demand for the raising of wages for the lowest paid sections and the establishment of a scale of wages with a minimum, which, in present conditions, could be directed towards the £4 10s. 0d. minimum established for the surface workers at the mines.

The establishment of such a minimum by Trade Union negotiation in each industry should be further secured by :—

(a) The continuation of war-time legislation similar to that of the National Arbitration Tribunal Order until —

(b) Provision is made for the Statutory enforcement by the appropriate Ministry on the application of either Party to the agreement of the wages and conditions set out in Joint Industrial Council Agreements or agreements arrived at by recognised negotiating bodies.

(c) Trade Boards with extended powers have been established in very low paid and generally badly organised industries. The workers' representatives on Trade Boards should make every effort to secure the establishment of the £4 10s. 0d. minimum with appropriate upward variations for semi-skilled and skilled workers and the strongest support should be given to the representatives' organisations, empowered directly or indirectly by the Government, to secure the speediest possible establishment of this minimum.

Through these measures rapid progress could be made to the establishment of graded wage scales in each industry

which would guarantee to the lowest paid a minimum standard of health and decent existence, while at the same time they would lighten the burden on social services and increase the total demand for consumers' goods, with an appreciable effect in raising and steadying employment.

The establishment of a minimum standard of living for all employed workers also requires the raising of the income tax exemption level, and the increase of allowances for the lower rates of income.

IV. WOMEN'S WAGES

The continued employment of women who want to work is essential for the full use of Britain's resources, and the increase of the national output in the post-war period. This is appreciated by progressive opinion throughout the country, which also firmly supports the principle of equal pay for men and women, not merely on ethical grounds but in order to attract women into employment and to safeguard existing wage rates from undercutting by cheap labour.

From every standpoint it is vital to the welfare of the nation that there should be an end to women's rates, both in industry and public service, which are simply cheap labour rates, and that the wages paid to women and men should enable both to maintain a decent standard of living.

In industries or sections of industry where men and women do the same job the principle of equal pay means that women shall get the established rate for men—" the rate for the job."

The rate for the job is a relatively simple demand. It is that women doing exactly the same job as a man (for example, 'bus conducting, teaching or operating the same machine under the same conditions) shall get the rate that the man gets, or the same piece-work prices. During the war, however, even where negotiations have secured acceptance of the principle, employers have found many ways of evading its application, and the greatest vigilance will be necessary on the part of the Trade Unions and shop stewards to enforce it and to extend acceptance of the principle to all sections

of industry to which it can be applied. This is an important means of levelling up women's wages in many sections of industry.

But in industries mainly employing women, or where there are separate jobs customarily classified as women's work, "the rate for the job" cannot help to end the underpayment of women that existed before the war and has since been only slightly modified. In such cases the "rate for the job" is a specially low rate for women: there is no easy standard of comparison with men's wages because the men are not employed on the same jobs as the women.

To a considerable extent, the establishment within each industry of a minimum wage, payable to all adults whether men or women, would help to raise the lowest rates for women. The move of the Engineering Unions to make the minimum rate for a woman engaged on work classified as "women's work" equal to the male labourers' rate is an important step towards equalising the men's and women's wages. The problem will have to be tackled concretely in each industry, partly by equalising the women's minimum with the man's, partly by striving to raise the women's rates to the level paid to men doing comparable work (from the standpoint of similarity of degree of skill or responsibility) in other sections of industry. Where jobs are broken up, the various operations should be priced on the two factors of skill and time, whether performed by male or female labour.

In relation to women's wages in general, as well as in relation to minimum wages, Trade Boards should make it a matter of public policy to end different rates for men and women, for all grades of workers; and the Trade Unions concerned should press for new agreements establishing this principle.

VI. TECHNICAL CHANGES

New Grades, and the Rate for the Job

At all times and in all industries the existing wage scale and grading contains much that is a hang-over from past methods and processes. Adjustment to new methods and

processes is continuously taking place in workshop practice before it affects national agreements. In normal periods this does not create serious difficulties, but in a period of rapid technical changes such as have developed during the war the lag in adjusting wages and grading to technical changes creates serious anomalies.

The position is all the more serious because of the great number of new workers brought into industrial production—unskilled men, women and young people—as well as the transference of experienced workers from their former trades into trades completely new to them, with a consequent tendency on the part of the employers to establish low wage rates for the new processes these workers carry out, even where these new processes are considerably more productive than the old.

There is also the separate but allied tendency to use low paid labour—unskilled men or women or young workers—on established types of jobs, but without paying them the established "rate for the job." It is as important to establish the principle of the "rate for the job" for unskilled men and young workers as it is for women.

In certain branches of industry, revolutionary technical changes have been hardly at all reflected in the wage rates. Apart from the general increase in productivity referred to above, there are many branches of industry where the division of work between many different workers has completely changed during the war, and where not only the level but the structure of the wage agreements is inappropriate to the new conditions. In engineering there has been the introduction of the new types of specialised and automatic machinery: in building, mechanical tools have been introduced: in shipbuilding there has been a great increase in pre-fabrication and welding. In the clothing industry the utility principle has standardised production, and made possible the introduction of mass production methods. All these developments have been designed to economise the highly skilled work of the pre-war craftsmen, who are thus employed all their time on the most difficult jobs. In chemicals, plastics, aluminium, new products compete in price and efficiency with those made by skilled workers in the engineering industry before the war.

With these new methods it is no longer possible for satisfactory wage agreements to be based solely on craft skill. On the one hand the fully skilled men are more skilled and more valuable than ever, and should be paid more. On the other, new processes are arising, specially designed to make use of men and women coming fresh into industry, which call for a higher level of intelligence and adaptability than is implied in the term unskilled, but can be mastered in a much shorter time than was necessary to produce the old type of craftsman. This work, often more productive than that of the craftsman before the war, is paid, under Union Agreements, at the male labourer's rate, the women's rate, or a penny or two more than these.

The position is extremely unsatisfactory, not only because it is tending to undermine, for large and increasing numbers of workers, the established standards and grades in various industries, but because it is clearly in the national interest that the fullest use should be made of technical change and new processes which increase production, and workers engaged in these processes should receive wages commensurate with their contribution to the country's prosperity.

The application of this principle will undoubtedly require considerable changes in the established wage structure. The new classification of jobs has to supplement and replace the outworn classification of workers into skilled and unskilled, and at the same time safeguard the standards of the highly skilled craftsman who is more essential to the industry than ever. It is necessary to ensure that the higher rates of wages shall include the new types of skill as well as the old. For example, the wages of the great mass of productive workers in the chemical and electro-metallurgical industries should be raised considerably above the unskilled level, and there should be a general raising of rates for many new engineering jobs. The new rates should be based not only on the skill required but also on the high output from operating the machine or process, a principle which would also help to secure better rates for large numbers of woman workers. At the same time the craftsman, now a super-skilled man, carrying bigger responsibilities than ever, must receive corresponding increases.

VII. YOUNG WORKERS

The exploitation of youth is no less serious than that of women, and has tended to be more widespread due to technical changes and war-time developments. While it would be impossible to lay down terms to govern the employment of youth in all industries there are nevertheless a number of safeguards suitable for general application.

1. As in the case of female labour, there must be insistence on the rate for the job, wherever it is applicable, regardless of period of training or age grade.

2. Youth working as apprentices or on a recognised system of training should not be employed on piece work, but be paid at time rates based on age and related to the full adult scale.

3. Youth labour employed under training schemes must be safeguarded by agreements between the Trade Unions and the Employers, sponsored by the Government authority. Such agreements would provide for attendance at technical institutes during working hours and paid for by the employer.

4. There is need to revise existing apprenticeship schemes and youth agreements to secure that all young workers come on to full adult rates at the age of 21, whatever the period of apprenticeship served. In some industries and occupations, *e.g.*, mining and agriculture, adult rates should be paid at 18.

VIII. COST OF LIVING AGREEMENTS

As already stressed, the raising of the standard of living for the overwhelming majority of the nation, which requires a rising level of wages, must also be secured by a reduction in prices and taxation. It must be a matter of public policy to ensure that, when war-time difficulties are over, prices are brought into line with peace conditions and the lower costs resulting from increased productivity.

The purchasing power of wages and salaries cannot be divorced from the price level. It is therefore essential to the whole programme of post-war reconstruction and the

full use of the nation's resources that the whole Labour movement and progressive opinion should be mobilised to resist any attempt to manipulate prices in a manner that would undermine the level of real wages and throw a spanner into the whole process of post-war reconstruction and social advance.

Many current Trade Union agreements, as for example in textiles, building and steel, provide for upward and downward variations in wages when the Ministry of Labour's cost of living index rises or falls a certain number of points. Apart from such agreements, Trade Unions and employers frequently use the variation in the index as an argument for variations in wages.

The cost of living index has nevertheless always been regarded by the Unions as an unsatisfactory indication of real changes in the expenditure of the average working class family, because the items taken into account in compiling the index figure ignore many very important items of expenditure. There is considerable working class expenditure on "other items," which include household equipment, furniture, drapery and haberdashery, carpets, linoleums, travelling to and from work, insurance, doctors, entertainments and drink. These "other items" are weighted in the 1914 index as comprising 4 per cent. of the expenditure of a working-class household. In the Ministry of Labour survey of expenditure of working-class households in urban areas, the workers are shown in real life to have expended 26 per cent. of their income on these other items. On the other hand food, which is listed as 60 per cent. of the expenditure of a working-class family in the cost of living index, was found in actual fact to comprise only 34 per cent. In circumstances where the cost of those other items has increased more than the cost of food (as is the case in the war and as is likely to be the case in the first decade of peace), the cost of living index is an unreliable guide.

It is held by those who favour cost of living agreements that in spite of acknowledged imperfections of the index, agreements to vary wages in accordance with the index secure an automatic advance in wages whenever the cost of living rises; the time lag involved in negotiations is thereby avoided, and wage rates follow rises in prices more quickly.

On the other hand there are strong arguments against tying wages to the cost of living.

In the first place it is an acceptance of sharp increases in prices as if they were a law of nature, and weakens the campaign by the whole Labour movement for measures by the Government to prevent prices from rising. Secondly, the tying of wages to the cost of living means that wages fall with every fall in the cost of living, even though the productivity of the workers may be going up and the supply of consumers' goods increasing. This was the case with the building industry during the years of the trade slump. Wages in this industry fell much faster than was the case in engineering and other industries where wages are not tied to the cost of living. If such agreements were general they would accelerate and deepen the slump.

Nor are the actual cost of living agreements concluded by the workers' unions a reliable source of advancing wages in accordance with rises in the cost of living. Most of these agreements give a specified advance of money wages for a specified increase of points in the cost of living. In some of these agreements the amount of wages advance for a given number of points does not suffice to keep wages level with the increased cost of living. The building agreement is a notorious example of this. The official cost of living index has advanced by 29 per cent. since September, 1939. If wages had advanced in strict proportion to the rise in the cost of living, craftsmen in Grade A areas would have had an advance of 22/- per week. In actual fact the increase of wages which has resulted from the building trade cost of living agreement has only given an advance of 12/- per week. Further advances amounting to 6/- per week have taken place outside the cost of living arrangements.

On the basis of the above we advocate the following policy :
1. The main policy of the Labour movement in regard to prices should be to press the Government not only to keep the cost of living down to its present level, but to lower it. This will require not only Government control of prices, but also control over what is produced and imported, and vigilance against monopoly restrictions on output.

2. There should be no extension of the policy of tying wages to the cost of living index, as an examination of the trend of wages in industries where this type of agreement is in operation shows that it has no advantages over the others where this situation does not obtain.

3. In those industries where there is a cost of living agreement, the inadequacy of this to keep wages level with the cost of living should be stressed, and increases on the basic wage provided for.

4. The Government in its White Paper on National Income and Expenditure has compiled an index which shows that prices (including indirect taxatien) have advanced by 54 per cent. This index, and not the restricted cost of living index, should be used in wage negotiations pending the formation of a more accurate cost of living index.

IX. THE GUARANTEED WEEK

In industries where casual labour or under-employment was common before the war, the guarantee of a minimum weekly wage under the Essential Work Order was a tremendous step forward. This arrangement however, is limited to the duration of the war, and employers have so far refused to extend it by agreement into the post-war period.

Referring to the Guaranteed Week at the 1943 Trades Union Congress, Mr. Bevin, Minister of Labour, said: "Do not rely only on the Government to maintain it. Why not weave it into your collective agreements at the earliest opportunity? We are not anxious to have the duty of enforcing it by law. Do not turn the rising generation too much to the law and not enough to you."

It is urgent to secure agreement now on the full operation of the guaranteed week after the war, especially in industries like building, shipbuilding, mining, textiles, clothing and docks, which were most affected by short time before the war.

X. PAYMENT BY RESULTS

The war has seen big extensions of payment by results, in various forms, especially in engineering, certain building, wood-working and shipbuilding and repair.

In a period when work is plentiful, payment by results has tended to increase both output and earnings: during the war the mainly piece-working industries have done better than the others.

On the basis of expanding industry and full employment to meet the increasing needs of a rising standard of living in Britain and abroad, payment by results will continue to be a useful incentive to greater output in the post-war period.

There are, however, many problems that arose from its operation in war-time and must be taken into account when applying it in the future. These include :—

1. **Relation between Piece Rates and Basic Rates.**

The disproportion between piece-work earnings and basic rates has grown to a dangerous extent. In view of the great increase in productivity made possible by technical advances, piece-work rates should be underpinned in all piece-working industries by :—

(a) The achievement of a higher rate of wages for all workers, into which all war-time advances shall be consolidated.

(b) The fixing of a higher piece-work minimum below which no worker of average ability should fall.

2. **Rate Fixing.**

All prices should be fixed with the Shop Stewards or other workshop representatives, who should be urged to lodge a record of the price obtained with the District Office of the Union.

Safeguards against the cutting of piece-work prices must be strengthened. The idea prevalent in many employers' minds that earnings should not be allowed to advance beyond

a certain conventional level should be strenuously combatted. Increased piece-work earnings should be continuously consolidated by higher time rates and higher piece-work minima. Increase piecework earnings should be continuously consolidated by higher time rates and higher piecework minima.

3. Relation between Piece-workers and the Time-workers on whom they depend.

The extension of piece-work and the higher earnings resulting from increased productivity has widened the gap between piece-work earnings and the wages of skilled men on maintenance and other work, including drawing office and other non-productive workers, on whom the piece-workers depend. It is essential to narrow this gap and to ensure that such workers' earnings are commensurate with their skill and responsibility. In some cases the solution may be found in a higher basic wage for those on time rates, but a far more satisfactory basis would be a linking, direct or indirect, of the time-workers' earnings with those of the piece-workers served by them, for example through a bonus based on total output or on average piece-work earnings of the department or factory, on the lines already adopted by some Shipbuilding Unions, and in engineering.

4. Hours and Holidays.

Extension of piecework means intensification of work and strain and should therefor be accompanied by shorter hours and longer holidays and reduction of awkward shift duties.

It must be stressed that payment by results is no substitute for raising wage rates in line with increased productivity.

XI. LEVELLING UP OF DISTRICT RATES

In many industries there are wide variations in the rates paid for the same work in different districts of the country. These may be based on economic differences between large regions, as in the case of mining, or alleged differences in the cost of living. In some cases, as in print, the differences of grading depend simply on the strength of the organisation in the particular town at the time when the regional agreement was concluded.

During the war there have been some moves to reduce the number of grades and thus level up the lower grades. These have been successful in printing, and the same thing is under discussion in building and electricity. We should press for a national rate for the job, with an extra allowance to cover the higher living costs, especially rent, in London. A grading system beyond this definitely tends to undercutting from lower-graded areas, and perpetuation of a low standard of life in agricultural districts.

XII. PROFIT-SHARING AGREEMENTS

Certain Unions are now discussing the advisability of entering into agreements for profit-sharing, on the basis of pooling part of the profits of the industry for this purpose. In our view this is not advisable. It involves stabilising the present proportion of wages and profits, instead of making the workers' standards a first charge on the industry; and it throws the burden of bad trade heavily on the workers. Moreover, the operation of such agreements in the mining industry has shown how easily they can become a means of denying the workers increases in wages. It is significant that the miners, after twenty years of such agreements, have placed theirs in cold storage for the next four years.

A profit-sharing agreement may also tend to make the workers identify their interests with increasing profits and thus to line up with monopolists and price rings in their own industry to the detriment of the working class as a whole.

For all these reasons we consider that the workers should certainly demand an increase when the employers' profits are on the upgrade, but should avoid so-called profit-sharing agreements which tend to divide the workers and prevent them from advancing their standards as rapidly as they could otherwise do.

XIII. LONG-TERM AGREEMENTS

The miners have concluded agreements stabilising their wage level for three or four years ahead, barring "cost of living" changes. The question is raised whether this would be a desirable policy for other industries.

The miners, however, are exceptionally placed in so far as :—

1. Their earnings do not depend so much on exceptional overtime, which is likely to be greatly reduced during that period.

2. Their real standards are now higher than pre-war.

Other sections could not maintain anything like their present standard on a stabilisation of their present rates. For them a considerable increase is needed to maintain a standard of life if overtime falls, as well as to raise it.

Moreover, as the issue arises of workers moving from war to consumption industry, the low rates in consumption industry must, as a matter of urgency, be raised.

The best policy therefore seems to be :—

(a) Consolidation of all war advances into basic rates all round.

(b) Pressure for an increased wages scale, with a £4 10s. 0d. minimum.

XIV. CONCLUSION

The Wages policy outlined in previous pages is a necessary part of the policy of full employment and full use of Britain's resources, which will be the keystone to the home programme of all Labour and progressive sections of the nation.

The present Government's Employment policy, as outlined in the White Paper, suggests the stabilisation of wages as the first aim, and the raising of the level as something for the future, in accordance with the increased productivity obtained.

Wages must certainly be increased as productivity increases. If this is not done there is an increasing gap between the purchasing power of the workers and the total that they produce, which must result in economic crisis. But as we have shown above, immediate increases are necessary to correspond with the productivity already attained, to raise

the standard of living for all working people and as an important means towards full employment and providing a stimulus for the modernisation of plant and methods of production. There can be no question of the stabilisation of the existing level of real wages, which would act as a drag on our post-war advance. The general raising of wages, along the lines we have suggested, is the way to start the whole expansion of industry and trade on a secure basis.

For the overwhelming majority of the nation it is the issue that most directly affects our lives, and is the steel frame on which all measures of social security and well-being must be built.

A higher level of wages must therefore be one of the principal issues of the coming General Election. The return of a Labour and progressive majority backed by a determined and virile Trade Union movement will be the surest guarantee that our post-war Government will apply a higher wages policy combined with lower prices, so that there can be a sharp upwards movement in Britain's standard of living and a sharp increase of demand for the products of our industries.

Though the Government's attitude on wages, as part of a general programme of social progress, economic expansion, technical advance and full employment, is of vital importance, the drive for the higher wages policy in each industry must remain the responsibility of the Trade Union concerned. In negotiations with employers, Trade Unions will come up against reactionary ideas and policies that have nothing in common with the new situation facing Britain. Attempts will be made to oppose wage increases and shorter hours, even to reduce wages, on the ground that the industry cannot afford to pay more, or that export markets can only be secured on the basis of lower wage costs.

Every section of the organised workers will decisively reject the alleged arguments for the stabilisation of wages at their present levels, as well as fighting against any reactionary attempts to reduce wages, either directly or by increases in the cost of living. They will do this not only in their

own interests but because the whole future prosperity of Britain is bound up with continuously increasing real wages and salaries. They will use their industrial and political strength to the full to achieve their aim, knowing that they are acting in the true interests of the nation, and they will have the support of everyone who is concerned with the welfare of the country.

A policy aimed merely at preserving existing wage standards in the post-war period would be the surest way to crisis and unemployment. The war has brought out more vividly than ever before the low standard of wages in many of our most important industries and the indefensibly low standard of women's wages in particular. It has also shown the immense reserves of production and the possibilities of rapid development that exist in Britain. In peacetime the demand of the organised workers for higher real wages must set the pace for all social progress and give the impetus to technical advance.